

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7582**

**BILL NUMBER:** SB 479

**NOTE PREPARED:** Jan 12, 2009

**BILL AMENDED:**

**SUBJECT:** Regional Transportation Districts.

**FIRST AUTHOR:** Sen. Lanane

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Establishing Regional Transportation Districts:* The bill permits counties to establish a regional transportation district (RTD) to plan, design, acquire, construct, enlarge, improve, renovate, maintain, equip, finance, operate, and support public transportation systems.

*Fees and Taxes:* It establishes a fee on vehicle registrations, and permits the creation of allocation areas, the establishment of a special allocation of county option income taxes, and the imposition of a food and beverage tax, a county economic development income tax, or a special benefits property tax to provide funding to regional transportation districts.

*Mergers:* It permits other public transportation agencies to merge into a regional transportation district.

*Deputy Commissioner:* The bill requires the Governor to appoint a Deputy Commissioner for the Indiana Department of Transportation (INDOT) to assist the commissioner with the public transportation responsibilities of INDOT.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** *Deputy Commissioner:* Costs for salary and benefits may increase if a Deputy Commissioner is added to INDOT. There are eight deputy commissioners in the INDOT executive office with an average annual salary of \$101,900. Assuming fringe benefits and indirect costs of about \$28,770, the total cost for the additional Deputy Commissioner is about \$130,670. The increase in cost will depend on whether a new employee is appointed or an existing employee is reassigned.

*State Budget Agency:* The State Budget Agency (SBA) will incur additional administrative costs to develop a grants program for counties proposing to establish RTDs and established RTDs for public transportation purposes. The SBA will develop grant application forms, review applications, and distribute funds to eligible applicants. The cost will depend on how the SBA implements its new authority and the volume of applications received.

*Background -*

*INDOT Deputy Commissioner:* The deputy commissioner will work with RTDs to develop comprehensive long-range plans, work with public transportation agencies, and develop and maintain effective communication between public transportation agencies and INDOT.

*State Budget Agency:* On January 5, 2009, the SBA had two vacant positions with a combined salary of \$81,900. In FY 2008, the SBA reverted \$488,905 to the state General Fund from its operating accounts.

**Explanation of State Revenues:** *Fees and Taxes:* The bill establishes a \$10 green registration fee on each transaction for which a fee is imposed or collected by the Bureau of Motor Vehicles (BMV ) for the registration of a vehicle with a gross weight of less than 11,000 pounds. In 2007 there were 5,459,898 vehicles (passenger cars, trucks, and motorcycles) with a gross weight of less than 11,000 pounds. Based on this information, the proposed revenue from the green registration fee is estimated at \$54.6 M. The money will be used by the SBA to make grants to counties proposing to establish an RTD and to established RTDs for public transportation purposes.

**Explanation of Local Expenditures:** The bill will have indeterminate fiscal impact depending on the actions of counties in establishing RTDs, the method by which the county elects to fund its participation in the RTD, and the projects, contracts, mergers or leases undertaken by the RTD.

*Background - RTDs:* An RTD may be established by resolution of the fiscal board of the county. Two or more counties may jointly establish a district by adopting identical resolutions, or RTDs may expand by resolution of the county or counties to be added and a majority of the counties in the RTD. A county must be a member of the district for at least 10 years. An existing public transportation agency operating within an RTD may merge with the RTD, but may not convey any powers to the RTD that are not public transportation powers.

*Governing Board:* The RTD is a body corporate and politic, separate from the state and other political subdivisions. The power to govern is vested in the regional transportation board that is comprised of one member from the fiscal body of, one member of the county executive of, and one member from each city in each participating county. A board member does not receive compensation, but may be entitled to a per diem from the district for board meetings. The board must meet at least quarterly.

*Reporting:* The board is to adopt a budget for the RTD and may establish funds and accounts, as necessary. The RTD is to report to the Legislative Council, the Budget Committee, and the Governor concerning the operations and activities of the RTD during the calendar year by April 1 of each year. The RTD is to prepare a comprehensive strategic plan that will meet present and future public transportation needs, and is to submit the plan for review by the Budget Committee by January 1 of year following the establishment of the RTD.

*Authority:* The RTD is given 25 general powers, including matters of internal organization and operating procedures and the employment of staff. The RTD may provide public transportation services directly or through an operating agreement; issue bonds to acquire real or personal property, for projects, or fund or refund indebtedness; and enter into leases. Bonds must have a 40-year maturity, and the RTD may only sell bonds to the Indiana Bond Bank or the Indiana Finance Authority. Bonds are payable from lease rentals. A lease may not exceed 40 years in term.

*RTD Funding:* The bill requires each public transportation agency, participating county, city, or town to transfer the amounts agreed to and approved by their boards and fiscal bodies. The funds for transfer may come from unrestricted sources of revenue. A county within an RTD may impose the following:

1. *County Economic Development Income Tax:* The additional tax rate is 0.25%, or 0.05% on the adjusted gross income of county taxpayers. The tax is to be placed in a county regional transportation fund by the county treasurer for transfer to the RTD treasurer within 30 days of deposit in the county fund. The amount collected may not be considered by the Department of Local Government Finance in determining the county's maximum permissible property tax.

2. *Excise Tax for Food and Beverages:* The county fiscal body may impose by ordinance a tax on food and beverage at a rate set by the ordinance that is 0.25%, 0.5%, 0.75%, or 1.0% of gross retail income on the transaction. This tax is to be imposed, paid, and collected in the same manner as the State Gross Retail Tax and is paid monthly to the RTD treasurer.

The RTD board may also establish a TIF-like allocation area. The RTD allocation area could not overlap any existing TIF allocation areas and would expire within 25 years. The base AV in the allocation area would equal the AV on the date that the area is created plus any new residential AV added after the area is created. New personal property AV would also be counted in the base AV amount unless the RTD board resolves to allocate a portion of it. The board could allocate personal property AV attributable to depreciable property with a useful life of greater than eight years.

Property taxes paid on the allocated assessed value would be captured and transferred to the RTD. The total amount of taxes captured from allocated personal property may not exceed 25% (or a lower amount adopted by the board) of the total taxes paid in all personal property in the district. Property taxes imposed for a fire protection district or on rail car company property would not be captured.

In addition to the revenue from the allocation of new AV, the RTD board would be permitted to levy a special tax on all property in the allocation area to pay debt.

Also, an RTD may receive grants from the SBA from revenue for the green registration fee.

*Advisory Committees:* The board may establish advisory committees.

### **Explanation of Local Revenues:**

**State Agencies Affected:** INDOT; SBA, State Board of Accounts; Department of Local Government Finance.

**Local Agencies Affected:** Counties choosing to form RTDs.

**Information Sources:**

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